

Office of Management and Budget

Purchasing

August 1, 2007

Policy 300 - Purchasing Card

General Policy

The State has authorized the use of a purchasing card for individual transactions. **(Use of the purchasing card does not exempt the agency or its employees from the purchasing / procurement requirements of the State of North Dakota.)** Individual credit limits, including card and cycle limits, vary as determined by agency. To assure the effectiveness of the program, the policy and procedures in this section must be followed by agencies using the purchasing card. Failure to use the purchasing card in accordance with applicable policies and procedures may result in revocation of the purchasing card and may involve appropriate disciplinary action, up to and including termination and prosecution. Policy and procedure violations include, but are not limited to:

- Purchasing items with the card for personal use.
- Failure to return the card when reassigned, terminated, or upon request.
- Failure to submit proper transaction documentation to the appropriate person in a timely manner.
- Transferring assignment of the card to another individual.
- Repeatedly allowing sales tax to be charged when the purchases are tax exempt.

To maximize the benefits of using the card, all purchasing card transactions will be paid centrally by the Office of Management and Budget (OMB). The transactions will be posted to PeopleSoft via the default account number assigned to each purchasing card. The default account number will identify transactions as to operating unit, fund, department ID, and class. All purchasing card transactions will be assigned a default account number of 621375 – “Purchasing Card Transactions”. If reallocation of purchasing card transactions is necessary, agencies have the ability to reallocate in PeopleSoft before the payment is made to the credit card company.

The purchasing card should not be used for tax (1099) reportable services to prevent difficulties in reporting to the IRS. It is acceptable to use the card for training, conference registrations, and other non-reportable services. The agency is responsible for any tax (1099) reporting requirements that result from using the purchasing card for such services.

To help ensure the adequacy of internal control surrounding agency purchasing card programs, the agency purchasing card administrator or authorized signer(s) may not be cardholders. However, if agency size or other constraints make this unfeasible, OMB may assume card maintenance duties for an agency. Contact OMB for more information regarding card maintenance.

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PeopleSoft Processing

OMB will electronically download transactions into PeopleSoft periodically throughout the statement billing period. Agencies will be notified of these downloads and will be able to reallocate or make changes to the default coding. OMB will create a voucher in PeopleSoft to generate an ACH payment to the credit card company. Agencies will receive an ACH advice slip showing them the total amount paid by their Business Unit.

Purchasing Card Issuance

At the time a purchasing card is requested for an employee, the agency's purchasing card administrator needs to enter the account number or default account number on the cardholder setup form. The account number is associated with the purchasing card and identifies the operating unit, fund, department ID, and class. This will be the default account number setup in PeopleSoft and will be used when posting purchasing card transactions.

Responsibilities

The following sections are the minimum requirements for the responsibilities of the cardholder, and reviewer:

Cardholder

Each cardholder is responsible for the following activities:

- Safeguard the purchasing card.
- Keep receipts from each purchase.
- Receive cardholder statement from purchasing card company.
- Reconcile cardholder statement and receipts. Sign and date cardholder statement to attest that all purchases are for state business and comply with all applicable rules and regulations.
- Forward the signed and reconciled cardholder statement with original receipts to designated reviewer.
- Notify supervisor, OMB, and GE immediately in the event of a lost or stolen purchasing card.
- Destroy and discard expired purchasing card.
- Give purchasing card to supervisor if employment is terminated.
- Resolve disputes as described below and in the cardholder user manual.

Returns, Credits, and Disputed Items

The cardholder has the responsibility to follow up with the merchant or bank on any erroneous charges, disputed items, or returns as soon as possible. Disputed billings can result from failure to receive the goods charged, defective merchandise, incorrect amounts, duplicate charges, credit not processed, as well as fraud and misuse.

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If the cardholder has a problem with a purchased item or a billing resulting from the use of the purchasing card, they should attempt to reach a resolution with the supplier. In most cases, disputes may be resolved directly between the cardholder and the supplier.

Credits

Referring to the cardholder receipt, request from the merchant to record a credit on the card account. If the item was shipped, refer to the shipping form.

Returns

The supplier should issue credit for any item approved for return. The credit should appear on a subsequent statement. Returned items that were purchased with the purchasing card must be credited back to the card. Do not accept a refund in cash or check. Keep documentation of credits, returns, and exchanges.

Disputed Items

If a resolution on a disputed charge cannot be reached with the supplier, complete the "ELAN Visa Purchasing Card Billing Inquiry" form and send it to ELAN Financial Services with a copy to the agency purchasing card administrator. This written notice of dispute must be received by ELAN within 60 days of the date that ELAN sent the first statement or transaction file.

Reviewer

The cardholder's supervisor, purchasing card administrator or another designated employee (other than cardholder) should:

- Review information submitted by cardholder. The amount of review will depend on a number of factors but the reviewer should, at a minimum, periodically compare receipts to the cardholder statement submitted by the cardholder.
- Verify purchases are for use in state business. Sign cardholder statement to certify that purchases are for state business purposes and comply with appropriate rules and regulations to the best of the reviewer's knowledge.
- Cardholder statements with original receipts must be maintained on file.
- The card must not be used for personal transactions. If personal transactions occur, the employee must repay the state, including any applicable sales tax. Even though tax is not charged by the merchant, the employee must remit the tax to the State Tax Commissioner.
- If it is determined that personal or other unauthorized charges are occurring on the purchasing card, appropriate steps, up to and including dismissal, will be taken to resolve the misuse/abuse of the purchasing card.